

The Great Depression Begins

1929–1932

SECTION 1 The Causes of the Great Depression

SECTION 2 Life During the Depression

SECTION 3 Hoover Responds to the Depression

Women and children wait in a bread line at New York City's New Hope Mission in the early 1930s.

Hoover
1929–1933



U.S. PRESIDENTS

U.S. EVENTS

WORLD EVENTS

1929

1930

1931

1928

- Soviets introduce First Five-Year Plan to industrialize the country

1929

- Mexico passes 8-hour day, right to strike, and unemployment insurance

1929

- Stock market crashes on Black Tuesday

1930

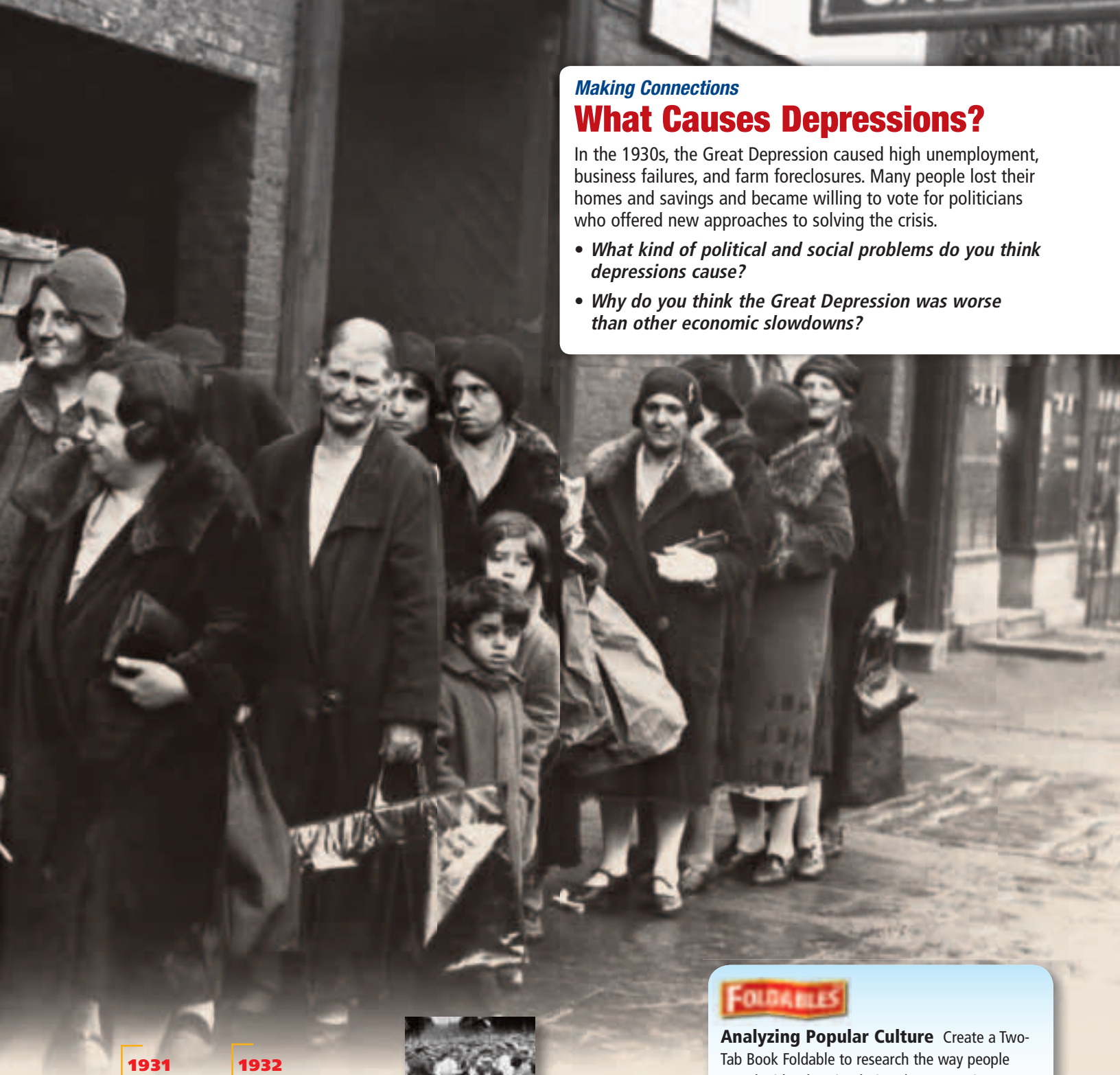
- Congress passes Hawley-Smoot Tariff

1930

- France creates a health and old age insurance plan

1931

- Collapse of large Austrian bank triggers bank failures across Europe



Making Connections

What Causes Depressions?

In the 1930s, the Great Depression caused high unemployment, business failures, and farm foreclosures. Many people lost their homes and savings and became willing to vote for politicians who offered new approaches to solving the crisis.

- *What kind of political and social problems do you think depressions cause?*
- *Why do you think the Great Depression was worse than other economic slowdowns?*

1931

- National Credit Corporation is created

1932

- Drought begins on Great Plains
- Bonus Marchers arrive in Washington, D.C.



Franklin D. Roosevelt
1933–1945



1932

1931

- Japan invades Manchuria

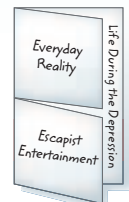
1932

- Government-induced famine begins in USSR, killing millions
- Unemployment in Germany reaches 6 million

1933

FOLDABLES

Analyzing Popular Culture Create a Two-Tab Book Foldable to research the way people coped with adversity during the Depression. As you read the chapter, list examples of the hardships people endured in real life and the kinds of entertainment that flourished.



History ONLINE Chapter Overview
Visit glencoe.com to preview Chapter 18.

Section 1

The Causes of the Great Depression

Guide to Reading

Big Ideas
Economics and Society Stock speculation on an unregulated stock market put investors and banks at risk in the 1920s.

Content Vocabulary

- stock market (p. 628)
- bull market (p. 629)
- margin (p. 629)
- margin call (p. 629)
- speculation (p. 629)
- bank run (p. 631)
- installment (p. 633)

Academic Vocabulary

- collapse (p. 628)
- invest (p. 629)
- sum (p. 631)

People and Events to Identify

- Alfred E. Smith (p. 628)
- Black Tuesday (p. 630)
- Hawley-Smoot Tariff (p. 633)

Reading Strategy

Categorizing As you read about the election of 1928, complete a graphic organizer similar to the one below comparing the backgrounds and issues of the presidential candidates.

1928 Presidential Campaign		
Candidate	Background	Issues

Although the 1920s were prosperous, speculation in the stock market, risky lending policies, overproduction, and uneven income distribution, eventually undermined the economy and led to the Great Depression.

The Long Bull Market

MAIN Idea A strong economy helped Herbert Hoover win the 1928 election, but increasing speculation in the stock market set the stage for a crash.

HISTORY AND YOU Have you ever taken a risk while playing a game or sport? How did you decide if the risk was worth it? Read on to learn about the risks people were willing to take in the stock market in the 1920s.

The economic **collapse** that began in 1929 seemed unimaginable only a year earlier. In the 1928 election, both presidential candidates tried to paint a rosy picture of the future. Republican Herbert Hoover declared, “We are nearer to the final triumph over poverty than ever before in the history of any land.”

The Election of 1928

When Calvin Coolidge declined to run for reelection in 1928, the Republicans nominated his secretary of commerce, Herbert Hoover. Hoover was well known to Americans because he had run the Food Administration during World War I. The Democrats chose **Alfred E. Smith**, four-time governor of New York. Smith was the first Roman Catholic to win a major party’s nomination for president.

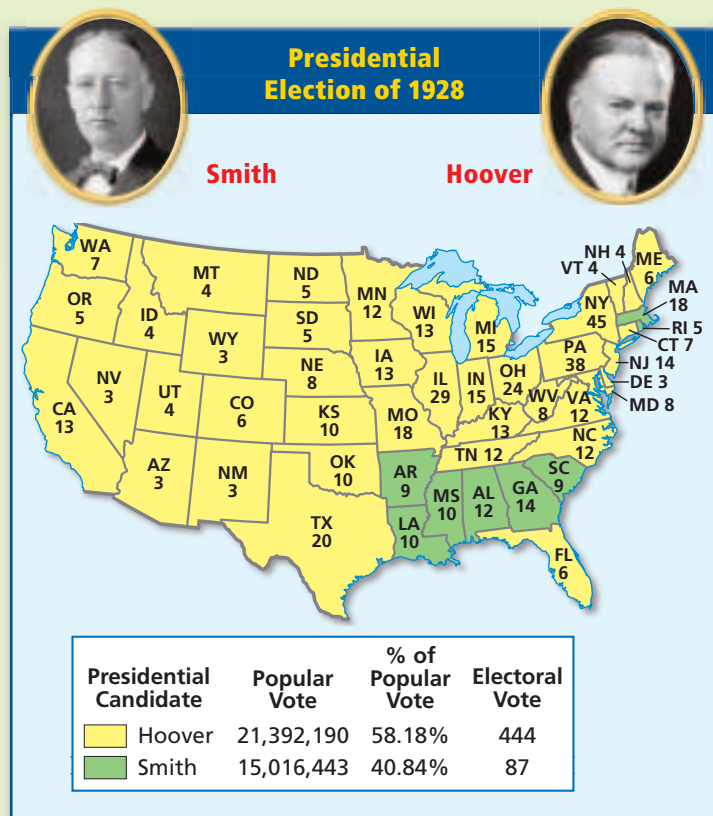
Smith’s beliefs became a campaign issue. Some Protestants claimed that the Catholic Church financed the Democratic Party and would rule the United States if Smith became president. These slurs embarrassed Hoover, a Quaker, and he tried to quash them, but the charges damaged Smith’s candidacy.

Smith’s biggest challenge, however, was the prosperity of the 1920s, for which the Republicans took full credit. Hoover defeated Smith by more than 6 million votes and won the Electoral College in a landslide, 444 to 87. On March 4, 1929, an audience of 50,000 stood in the rain to hear Hoover’s inaugural speech. “I have no fears for the future of our country,” Hoover said. “It is bright with hope.”

The Stock Market Soars

The optimism that swept Hoover into the White House also drove stock prices to new highs. Sometimes the **stock market** experiences

Hoover and “Rugged Individualism”



PRIMARY SOURCE

“This campaign now draws near to a close. . . . We were challenged with the choice of the American system of ‘rugged individualism’ or the choice of a European system of diametrically opposed doctrines—doctrines of paternalism and state socialism. The acceptance of these ideas meant the destruction of self-government through centralization of government; it meant the undermining of initiative and enterprise

. . . You cannot give to a government the mastery of the daily working life of a people without at the same time giving it mastery of the peoples’ souls and thoughts. . . . Free speech does not live many hours after free industry and free commerce die. . . . The bureaucratization of our country would poison the very roots of liberalism that is free speech, free assembly, free press, political equality and equality of opportunity. It is the road, not to more liberty, but to less liberty.”

—speech by Herbert Hoover in New York City, October 22, 1928

DBQ

Document-Based Questions

- Contrasting** Against what other system does Hoover contrast “rugged individualism”?
- Analyzing Primary Sources** What does Hoover believe is at stake if free industry and free commerce die? Do you agree or disagree? Explain your position.

a long period of rising stock prices, or a **bull market**. In the late 1920s a prolonged bull market convinced many people to **invest** in stocks. By 1929 approximately 10 percent of American households owned stocks.

As the market continued to soar, many investors began buying stocks on **margin**, making only a small cash down payment (as low as 10 percent of the price). With \$1,000, an investor could buy \$10,000 worth of stock. The other \$9,000 would come as a loan from a stockbroker, who earned both a commission on the sale and interest on the loan. The broker held the stock as collateral.

If the price of the stock kept rising, the investor could make a profit. For example, the investor who borrowed to buy \$10,000 worth of stock had only to wait for it to rise to \$11,000 in value. The investor could then sell the stock, repay the loan, and make \$1,000 in profit. The problem came if the stock price began to fall.

To protect the loan, a broker could issue a **margin call**, demanding the investor repay the loan at once. As a result, many investors were very sensitive to any fall in stock prices. If prices fell, they had to sell quickly, or they might not be able to repay their loans.

Before the late 1920s, the prices investors paid for stocks had generally reflected the stocks’ true value. If a company made a profit or had good future sales prospects, its stock price rose; prices fell when earnings dropped. In the late 1920s, however, many investors bid prices up without considering a company’s earnings and profits. Buyers, hoping for a quick windfall, engaged in **speculation**. They bet the market would continue to climb, thus enabling them to sell the stock and make money quickly.



Reading Check Summarizing What was the stock market like in the 1920s?

The Great Crash

MAIN Idea Rising stock prices led to risky investment practices; when the stock market crashed, banks were in trouble.

HISTORY AND YOU Have you ever paid more for something than it was worth? Read on to learn why the stock market collapsed in 1929.

The bull market lasted only as long as investors continued putting new money into it. By the latter half of 1929, the market was running out of new customers. In September, professional investors sensed danger and began to sell off their holdings. Prices slipped. Other investors sold shares to pay the interest on their brokerage loans. Prices fell further.

The Stock Market Crash

On Monday, October 21, 1929, the comedian Groucho Marx was awakened by a telephone call from his broker. “You’d better get down here with some cash to cover your margin,” the broker said. The stock market had plunged. The dazed comedian had to pay back the money he had borrowed to buy stocks, which were now selling for far less than he

had paid for them. Other brokers made similar margin calls. Nervous customers put their stocks up for sale at a frenzied pace, driving the market into a tailspin.

On October 24, a day that came to be called Black Thursday, the market plummeted further. Marx was wiped out. He had earned a small fortune from plays and films, but now it was gone, and he was deeply in debt. His son recalled his final visit to the brokerage firm, as Groucho spotted his broker:

PRIMARY SOURCE

“He was sitting in front of the now-stilled ticker-tape machine, with his head buried in his hands. Ticker tape was strewn around him on the floor, and the place . . . looked as if it hadn’t been swept out in a week. Groucho tapped [him] on the shoulder and said, ‘Aren’t you the fellow who said nothing could go wrong?’ ‘I guess I made a mistake,’ the broker wearily replied. ‘No, I’m the one who made a mistake,’ snapped Groucho. ‘I listened to you.’”

—quoted in 1929: *The Year of the Great Crash*

The following week, on October 29, a day that was later dubbed **Black Tuesday**, prices took the steepest dive yet. That day, almost 16 million shares of stock were sold; the stock

Turning Point

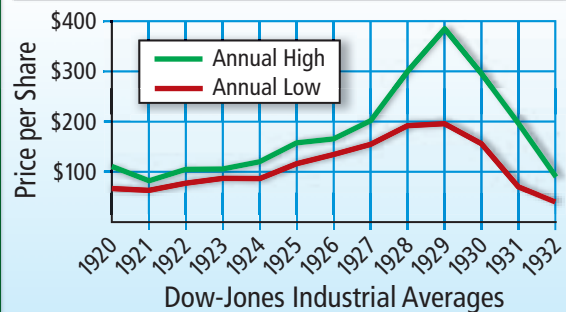
A Crash Becomes a Depression

When the stock market crashed in October 1929, it exposed many weaknesses in the American economy. By 1932 over 25 percent of American workers were unemployed. Charities could not help all who were in need. Many cities had gone bankrupt and newly created state relief agencies had insufficient funds to help.

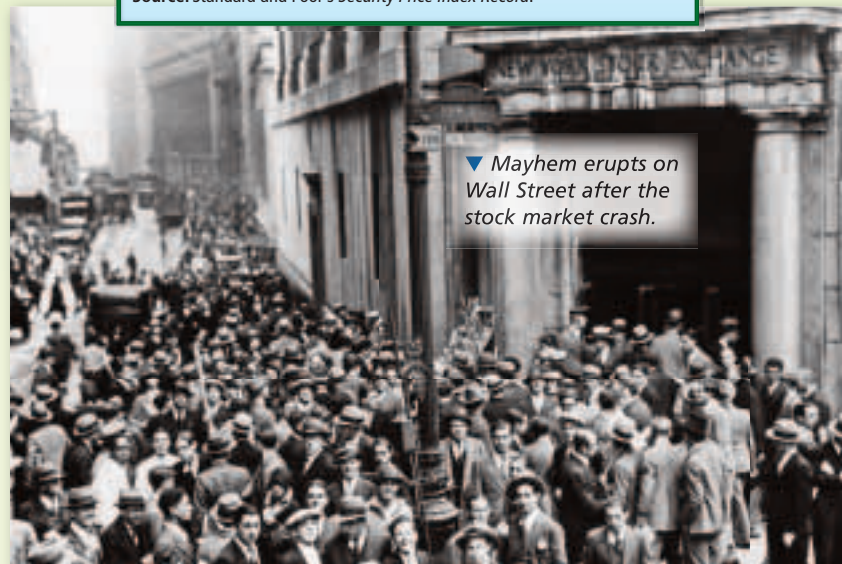
The Great Depression prompted major political changes. When Franklin D. Roosevelt ran for president in 1932, he had offered few details about how he would save the economy. Once in office, however, he launched a massive program to rescue the banking system, stabilize industry, and aid the unemployed. By the late 1930s, the federal government had taken on huge new responsibilities for the health of the economy and welfare of American families.

ANALYZING HISTORY Do you think the Great Depression required government intervention to resolve? Write a brief essay explaining your opinion.

Stock Prices, 1920–1932



Source: Standard and Poor's Security Price Index Record.



market lost between \$10 billion and \$15 billion in value. By mid-November, stock prices had dropped by more than one-third. Some \$30 billion was lost, a **sum** roughly equal to the total wages Americans earned in 1929. Although the stock market crash was not the major cause of the Great Depression, it undermined the economy's ability to overcome other weaknesses.

Banks Begin to Close

The market crash severely weakened the nation's banks in two ways. First, by 1929 banks had loaned nearly \$6 billion to stock speculators. Second, many banks had invested depositors' money in the stock market, hoping for higher returns than they could get by using the money for loans.

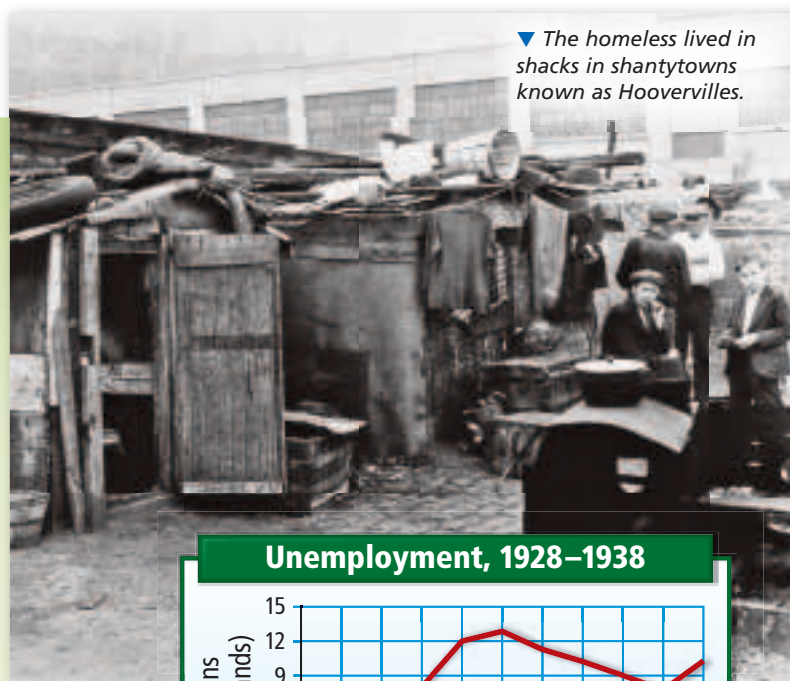
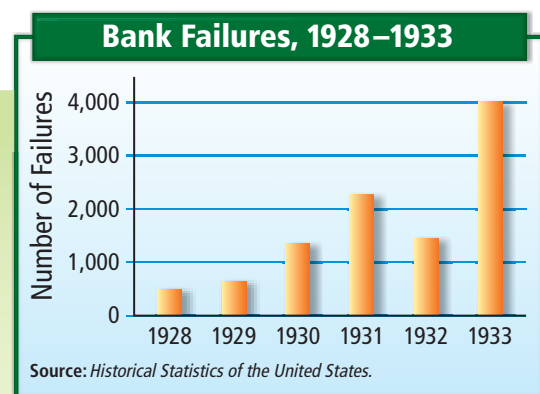
When stock values collapsed, banks lost money on their investments, and speculators defaulted on their loans. Having suffered serious losses, many banks cut back drastically on the loans they made. With less credit available, consumers and businesses were not able to borrow as much money. This helped to send the economy into a recession.

Some banks could not absorb the losses they suffered and were forced to close. The government did not insure bank deposits, so if a bank collapsed, customers, including those who did not invest in the stock market, lost their savings. Bank failures in 1929 and 1930 created a crisis of confidence in the banking system.

News of bank failures worried Americans. Some depositors made runs on banks, causing the banks to collapse. A **bank run** takes place when many depositors decide to withdraw their money at one time, usually because of fear that the bank is going to collapse.

Most banks make a profit by lending money received from depositors and collecting interest on the loans. The bank keeps only a fraction of depositors' money in reserve to cover daily business and withdrawals. Usually, that reserve is enough to meet the bank's needs. If too many people withdraw their money, however, the bank will collapse. More than 10 percent of the nation's banks—nearly 3,500—had closed by 1932.

✓ Reading Check **Determining Cause and Effect** What chain of events led to the economic crash of 1929?



◀ Depositors at a New York bank line up to withdraw their money in 1930.



The Roots of the Great Depression

MAIN Idea An uneven distribution of income, tariff policies, and the Federal Reserve Board's mistakes contributed to the Great Depression.

HISTORY AND YOU How evenly is wealth distributed in your community? Read about the uneven distribution of income in the late 1920s.

The stock market crash played a major role in putting the economy into a recession. Yet the crash would not have led to a long-lasting depression if other forces had not been at work. The roots of the Great Depression were deeply entangled in the economy of the 1920s.

The Uneven Distribution of Income

Most economists agree that overproduction was a key cause of the Great Depression. More efficient machinery increased the production capacity of both factories and farms. Most Americans, however, did not earn enough to buy up the flood of goods they helped produce. While manufacturing output per person-hour rose 32 percent, the average worker's wage increased only 8 percent. In 1929 the top 5 percent of all American households earned 30 percent of the nation's income. In contrast, about two-thirds of families earned less than \$2,500 a year, leaving them with little disposable income.

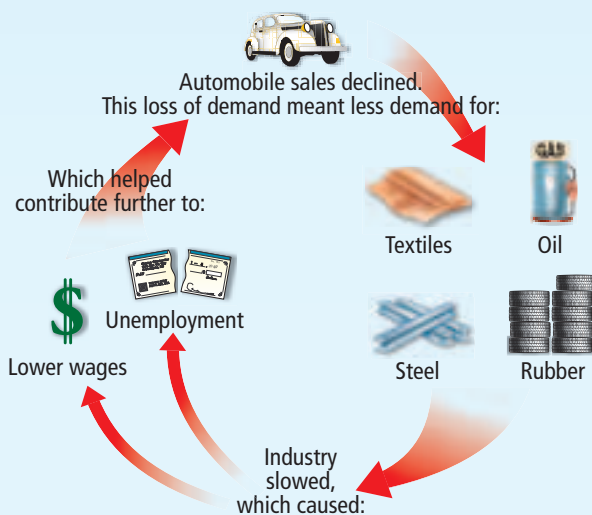
INFOGRAPHIC

Causes of the Great Depression

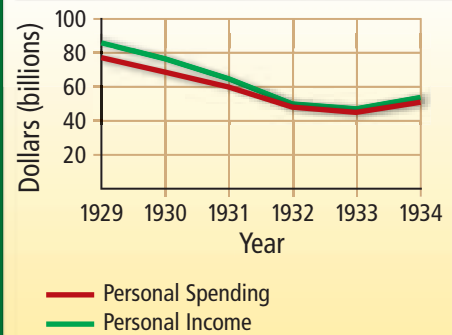
What Caused the Economy to Collapse?

- **Low Interest Rates** Federal Reserve kept interest rates low; companies borrowed money and expanded more than necessary.
- **Overproduction** Companies made more goods than could be sold.
- **Uneven Distribution of Wealth** Not everyone who wanted consumer goods could afford them.
- **High Tariffs** restricted foreign demand for American goods.
- **Falling Demand** With too many goods unsold, production was cut back and employees were laid off.
- **Stock Market Speculation** Low interest rates encouraged borrowing money to speculate, endangering bank solvency.

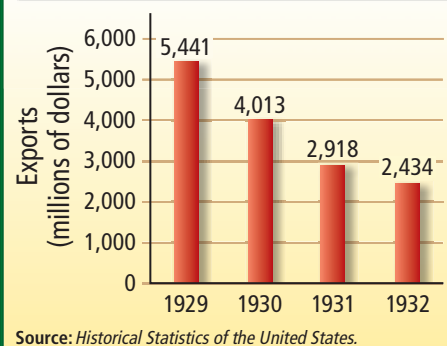
Cyclical Effect



Income and Spending



Value of Exports, 1929–1932



Analyzing VISUALS

1. **Analyzing** What effect did the decline in automobile sales have on the steel industry?
2. **Calculating** Between what two years was the decrease in the value of exports the greatest?

During the 1920s many Americans had purchased high-cost items, such as refrigerators and cars, on the **installment** plan. Purchasers could make small down payments and pay the remainder of the item's price in monthly installments. Paying off such debts eventually forced some buyers to stop making new purchases. Because of the decrease in sales, manufacturers in turn cut production and laid off employees.

The slowdown in retail sales reverberated throughout the economy. When radio sales slumped, for example, makers cut back on orders for copper wire, wood cabinets, and glass radio tubes. Montana copper miners, Minnesota lumberjacks, and Ohio glassworkers, in turn, lost their jobs. Jobless workers cut back on purchases, further cutting sales. This kind of chain reaction put more and more Americans out of work. Many families had little or no savings. They had nothing to support themselves when they lost their jobs. In 1930 alone, about 26,000 businesses collapsed.

The Loss of Export Sales


Many jobs might have been saved if American manufacturers had sold more goods abroad. As the bull market of the 1920s sped up, U.S. banks made loans to speculators rather than loans to foreign companies. Foreign countries were also facing a recession after World War I. Many nations did not have the money to buy American-manufactured goods or crops.

In 1929 Hoover wanted to encourage overseas trade by lowering tariffs. Most Republicans, however, wanted to protect American industry from foreign competition by raising tariffs. The resulting legislation, the **Hawley-Smoot Tariff**, raised the average tariff rate to the highest level in American history. In the end, it failed to help American businesses, because foreign countries responded by raising their own tariffs. This meant fewer American products were sold overseas. By 1932 exports were about one-fifth of what they had been in 1929, which hurt both American companies and farmers.

Mistakes by the Federal Reserve

Just as consumers were able to buy more goods on credit, access to easy money propelled the stock market. Instead of raising interest rates to curb excessive speculation, the Federal Reserve Board kept its rates very low throughout the 1920s.

The Board's failure to raise interest rates significantly helped cause the Depression in two ways. First, by keeping rates low, it encouraged member banks to make risky loans. Second, its low interest rates led business leaders to think the economy was still expanding. As a result, they borrowed more money to expand production, a serious mistake because it led to overproduction when sales were falling. When the Depression finally hit, companies had to lay off workers to cut costs. Then the Federal Reserve made another mistake. It raised interest rates, tightening credit. The economy continued to spiral downward.

 **Reading Check** **Listing** What were three factors that contributed to the Great Depression?

Section 1 REVIEW

Vocabulary

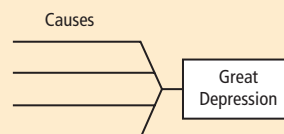
1. Explain the significance of: Alfred E. Smith, stock market, bull market, margin, margin call, speculation, Black Tuesday, bank run, installment, Hawley-Smoot Tariff.

Main Ideas

- 2. Identifying** What factors contributed to Herbert Hoover's election in 1928?
- 3. Examining** How did the stock market collapse affect banks?
- 4. Explaining** What effect did tariff policies have on the Great Depression?

Critical Thinking

- 5. Big Ideas** How did the practice of buying on margin and speculation cause the stock market to rise?
- 6. Organizing** Use a graphic organizer similar to the one below to list the causes of the Great Depression.



- 7. Analyzing Visuals** Look at the graph on page 630. What generalization can you make about the variation in highs and lows of the stock market from 1920 to 1932?

Writing About History

- 8. Expository Writing** Write an article for a financial magazine explaining the stock market's rapid decline in 1929 and the reasons for the crash on Black Tuesday.



Study Central To review this section, go to glencoe.com and click on Study Central.

Section 2

Life During the Depression

Guide to Reading

Big Ideas

Past and Present As the Great Depression and the drought worsened, thousands of people tried to find work and shelter in other places.

Content Vocabulary

- bailiff (p. 634)
- hobo (p. 634)
- soap opera (p. 637)

Academic Vocabulary

- suspend (p. 634)
- colleague (p. 636)
- technique (p. 637)

People and Events to Identify

- Dust Bowl (p. 635)
- Walt Disney (p. 637)
- John Steinbeck (p. 637)
- William Faulkner (p. 637)
- Grant Wood (p. 637)

Reading Strategy

Taking Notes As you read about life in the United States during the Great Depression, use the major headings of the section to create an outline similar to the one below.

Life During the Depression
I. The Depression Worsens
A.
B.
II.

Many people were evicted from their homes or lost their farms to foreclosure during the Great Depression. Popular entertainment included humorous or optimistic movies and radio programs. Novelists and photographers created realistic portrayals of American life.

The Depression Worsens

MAIN Idea Hunger and homelessness became severe problems by the early 1930s; then, a terrible drought devastated the Great Plains.

HISTORY AND YOU Have you ever gotten caught outside in a thunderstorm? Read about the deadly dust storms of the 1930s that sometimes suffocated people and animals.

The Depression grew steadily worse during Hoover's administration. In 1930, 1,352 banks **suspended** operations across the nation, more than twice the number of bank failures in 1929. More than 9,000 banks had failed by 1933. In 1932 alone, some 30,000 companies went out of business. By 1933 more than 12 million workers, or roughly one-fourth of the workforce, were unemployed.

Struggling to Get By

People without jobs often went hungry. Whenever possible they stood in bread lines—sometimes blocks long—for free food or lined up outside soup kitchens, which private charities set up to give the poor meals. New York City's YMCA fed up to 12,000 people daily.

Families or individuals who could not pay their rent or mortgage lost their homes. Some of them, paralyzed by fear and humiliation over their sudden misfortune, simply would not or could not move. Their landlord would then ask the court for an eviction notice. Court officers known as **bailiffs** then ejected the nonpaying tenants, piling their belongings in the street.

Throughout the country, newly homeless people put up shacks on unused or public lands, forming communities called shantytowns. Blaming the president for their plight, people referred to such places as Hoovervilles.

In search of work or a better life, many homeless and unemployed Americans began to wander around the country—walking, hitchhiking, or, most often, "riding the rails." These wanderers, called **hobos**, would sneak past railroad police to slip into open boxcars on freight trains. Hundreds of thousands of people, mostly boys and young men, wandered from place to place in this fashion.

PRIMARY SOURCE

Fleeing the Dustbowl

The fierce dust storms of the 1930s destroyed farms and caused many to flee the Great Plains. Below, girls pump water during a dust storm in Springfield, Colorado.



DBQ Document-Based Questions

- Analyzing Primary Sources** What advantage does the owner of the fields have when it comes to paying people to work?
- Drawing Conclusions** Why might the owners of the fields prefer to get “a fella with kids”?

About 40 percent of migrant farmers who fled the Dust Bowl went to California’s San Joaquin Valley to pick cotton and grapes. In his novel *The Grapes of Wrath*, John Steinbeck describes what these migrants found when they arrived to harvest crops:



PRIMARY SOURCE

“Maybe he [the owner of the fields] needs two hundred men, so he talks to five hundred, an’ they tell other folks, an’ when you get to the place, they’s a thousand’ men. This here fella says, ‘I’m payin’ twenty cents an hour.’ An’ maybe half a the men walk off. But they’s still five hundred that’s so . . . hungry they’ll work for nothin’ but biscuits. Well, this here fella’s got a contract to pick them peaches or—chop that cotton. You see now? The more fella’s he can get, less he’s gonna pay. An’ he’ll get a fella with kids if he can.”

—from *The Grapes of Wrath*

The Dust Bowl

Farmers soon faced a new disaster. Since homesteading had begun on the Great Plains, farmers’ plows had uprooted the wild grasses that held the soil’s moisture. When crop prices dropped in the 1920s, farmers left many of their fields uncultivated. Then, a terrible drought struck the Great Plains. With neither grass nor wheat to hold the scant rainfall, the soil dried to dust. From the Dakotas to Texas, America’s wheat fields became a vast “**Dust Bowl**.”

Winds whipped the arid earth, blowing it aloft and blackening the sky for hundreds of miles. When the dust settled, it buried crops and livestock. Humans and animals caught outdoors sometimes died of suffocation when the dust filled their lungs. The number of yearly dust storms grew, from 22 in 1934 to 72 in 1937. Will and Carolyn Henderson farmed in western Oklahoma. Carolyn wrote a series of articles for the *Atlantic Monthly* about their life during the drought.

PRIMARY SOURCE

“At the little country store, after one of the worst of these storms, the candies in the show case all looked alike and equally brown. Dust to eat and dust to breathe and dust to drink. Dust in the beds and in the flour bin, on dishes and walls and windows, in hair and eyes and ears and teeth and throats. . . .”

—from *Dust to Eat: Drought and Depression in the 1930s*

Some Great Plains farmers managed to hold on to their land, but many had no chance. If their withered fields were mortgaged, they had to turn them over to the banks. Then, nearly penniless, many families headed west, hoping for a better life in California. Because many migrants were from Oklahoma, they became known as “Okies.” In California, they lived in roadside camps and remained homeless and impoverished.

✓ Reading Check **Explaining** What chain of events turned the once-fertile Great Plains into the Dust Bowl?

History ONLINE
Student Web Activity Visit glencoe.com and complete the activity on hobo life during the Depression.

Art and Entertainment

MAIN Idea Movies and radio shows were very popular during the 1930s, a period that also produced new art and literature.

HISTORY AND YOU Has a movie ever helped you get through a difficult time? Read to learn ways that people coped with the Great Depression.

The hard times of the 1930s led many Americans to prefer entertainment that let them escape their worries. For this reason, movies and radio plays grew increasingly popular. Also, in the 1930s, comic books grew rapidly in popularity. The first comic books cheered people by reprinting newspaper comics, but in the late 1930s, the “superhero” genre was born with the printing of the first tales of *Superman* in 1938 and *Batman* in 1939.

Hollywood

During the 1930s more than 60 million Americans went to the movies each week. Child stars such as Shirley Temple and Jackie Coogan delighted viewers. Groucho Marx wisecracked while his brothers amused audiences in such films as *Animal Crackers*, and comedies became very popular because they provided a release from daily worries.

King Kong, first released in 1933, showcased new special effects. Moviegoers also loved cartoons. **Walt Disney**, who brought Mickey Mouse to life in 1928, produced the first feature-length animated film, *Snow White and the Seven Dwarfs*, in 1937.

Even serious films were optimistic. In *Mr. Smith Goes to Washington*, Jimmy Stewart played a naïve scout leader who becomes a senator. He exposes the corruption of some of his **colleagues** and calls upon senators to view American government as a high achievement.

In 1939 MGM produced *The Wizard of Oz*, a colorful musical that lifted viewers’ spirits. That same year, Vivien Leigh and Clark Gable thrilled audiences in *Gone with the Wind*, a Civil War epic that won nine Academy Awards. Hattie McDaniel, who won the award for Best Supporting Actress, was the first African American to win an Academy Award.

On the Air

While movies captured the imagination, radio offered information and entertainment as near as the living room. Tens of millions of people listened to the radio daily, and radio comedians such as Jack Benny, George Burns, and Gracie Allen were popular, as were the radio adventures of superheroes such as the Green Hornet and the Lone Ranger.

People IN HISTORY

Margaret Bourke-White 1904–1971

Although she first began working in photography as a hobby, Margaret Bourke-White became one of the leading photographers of her time. In 1927 she began photographing architectural and industrial subjects. Her originality led to jobs at major magazines such as *Fortune* and *Life*. During World War II she became the first woman photographer attached to the U.S. armed forces. She covered not only the Italian campaign but also the siege of Moscow. She was among those who photographed concentration camp survivors. Bourke-White traveled to India after the war to document Gandhi’s efforts to gain that nation’s independence from Great Britain. During the Korean War, she was a war correspondent who traveled with South Korean troops.

What made Margaret Bourke-White’s career and photography unusual for the time?



▲ African American flood victims wait for food and clothing from the Red Cross in 1937 in one of Margaret Bourke-White’s most famous photos. The people contrast sharply with the billboard.

Daytime radio dramas carried over their story lines from day to day. Programs such as *The Guiding Light* presented middle-class families confronting illness, conflict, and other problems. The shows' sponsors were often makers of laundry soaps, so the shows were nicknamed **soap operas**. Radio created a new type of community. Even strangers found common ground in discussing the lives of radio characters.

Literature and Art

Literature and art also flourished during the 1930s. Writers and artists tried to portray life around them, using the homeless and unemployed as their subjects in stories and pictures.

Novelist **John Steinbeck** added flesh and blood to journalists' reports of poverty and misfortune. His writing evoked both sympathy for his characters and indignation at social injustice. In *The Grapes of Wrath* (1939), which was awarded the Pulitzer Prize and was made into a movie, Steinbeck tells the story of the Joad family fleeing the Dust Bowl to find a new life in California after losing their farm. The novel was based on Steinbeck's visits to migrant camps and his interviews with migrant families. In one article he described typical housing for the migrants, for which they paid the growers as much as \$2.00 daily:

PRIMARY SOURCE


"[They have] one-room shacks usually about 10 by 12 feet, have no rug, no water, no bed. In one corner there is a little iron wood stove. Water must be carried from the faucet at the end of the street."

—from *Dust to Eat: Drought and Depression*

Other novelists developed new writing techniques. In *The Sound and the Fury*, **William Faulkner**, who later won the Nobel Prize for Literature, shows what his characters are thinking and feeling before they speak. Using this stream of consciousness **technique**, he exposes hidden attitudes of Southern whites and African Americans in a fictional Mississippi county.

Although written words remained powerful, images were growing more influential. Photographers roamed the nation with the new 35-millimeter cameras, seeking new subjects. In 1936, *Time* magazine publisher Henry Luce introduced *Life*, a weekly photojournalism magazine that enjoyed instant success. The striking pictures of photojournalists Dorothea Lange and Margaret Bourke-White showed how the Great Depression had affected average Americans.

Painters in the 1930s included Thomas Hart Benton and **Grant Wood**, whose styles were referred to as the regionalist school. Their work emphasized traditional American values, especially those of the rural Midwest and South. Wood's painting that is best-known today is *American Gothic*. The portrait pays tribute to no-nonsense Midwesterners while gently making fun of their severity.

 **Examining** What subjects did artists, photographers, and writers emphasize during the 1930s?

Section 2 REVIEW

Vocabulary

1. **Explain** the significance of: bailiff, hobo, Dust Bowl, Walt Disney, soap opera, John Steinbeck, William Faulkner, Grant Wood.

Main Ideas

2. **Analyzing** What environmental event of the 1930s worsened the Great Depression?

3. **Explaining** How did people try to escape the realities of life during the Great Depression?

Critical Thinking

4. **Big Ideas** How did some Great Plains farmers respond to the loss of their fields to the banks?

5. **Organizing** Use a graphic organizer such as the one below to identify the effects of the Great Depression.



6. **Analyzing Visuals** Look at the photo on page 635. What details indicate that this is a severe dust storm?

Writing About History

7. **Descriptive Writing** Imagine you are writing the catalogue for an art show of photographs by Dorothea Lange or Margaret Bourke-White. Write a paragraph describing one of the images in this section or discussing their photographic skill.

History ONLINE

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GEOGRAPHY & HISTORY

The Dust Bowl

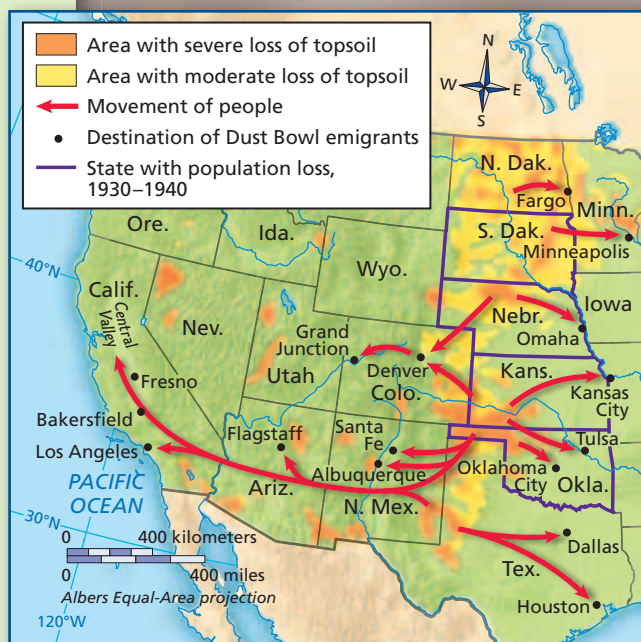
In the late nineteenth century, settlers on the Great Plains turned the semi-arid region into the bread-basket of America, growing vast fields of wheat and other crops. Intensive farming destroyed the region's native grasses and loosened the soil. At first, this was not a problem, as the Great Plains experienced higher than normal rainfall in the late 1800s. Over time, however, farmers exhausted the soil. When rainfall began to decline and temperatures rose in the 1920s, the soil began to dry out. In 1932, a full-scale drought hit. The fierce heat dried the exhausted soil into fine dust-like particles. The high winds of the open plains easily lifted the dirt into the air creating "dust storms". In 1932 alone, 14 dust storms struck the Great Plains. These storms carried the soil of the Great Plains hundreds of miles. In May 1934, a huge storm dumped piles of dirt in Chicago. Further east, silt from the storm collected on the windows of the White House.

How Did the Dust Bowl Affect Americans?

The "Dust Bowl" is sometimes called a man-made natural disaster. The drought and rising temperatures of the 1930s were a natural disaster. But the dust storms were man-made, the result of decades of over cultivation. These "black blizzards" scoured and buried homes, ruined vehicle engines, and diminished visibility. The blowing dirt could injure eyes and damage lungs; it even suffocated people. As the drought destroyed their livelihood, and the dust storms destroyed their belongings, many farmers abandoned the land, packed up their families, and fled the region in search of work elsewhere.

Analyzing GEOGRAPHY

- 1. Movement** Which states lost population in the 1930s? In which direction did most people fleeing the Dust Bowl move?
- 2. Human-Environment Interaction** Study the image at right. What problems and dangers does the dust storm create?



The drought on the Great Plains in the 1930s was the worst ever recorded in U.S. history. Summer temperatures soared above 110 degrees in many locations setting records that still stand. The lack of water and fierce heat dried the soil to a fine dust. An estimated 200 million acres of land lost some or all of its topsoil.

Dust storms towered thousands of feet in the air and moved rapidly across the open plains. When a storm hit, it became dark outside, and visibility often dropped to only a few feet.



▲ Many farmers in the dustbowl, such as Elmer Thomas and his family of Muskogee, Oklahoma (above), decided to leave the region. Many became migrant workers, traveling from across the west in search of short-term employment.

The fine grit of dust storms could clog car engines and other mechanical devices beyond repair.

People raced for cover when a storm hit. The grit stung the skin and eyes. Breathing the dust could cause dust pneumonia. Many people, especially children and senior citizens became sick, and many died.



Section 3

Hoover Responds to the Depression

Guide to Reading

Big Ideas

Government and Society President Hoover's ideas about government shaped his response to the Great Depression, making the government slow to respond.

Content Vocabulary

- public works (p. 640)
- relief (p. 642)
- foreclose (p. 643)

Academic Vocabulary

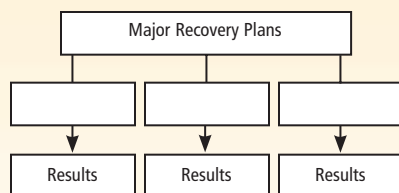
- series (p. 640)
- community (p. 641)

People and Events to Identify

- Reconstruction Finance Corporation (p. 641)
- Bonus Army (p. 643)

Reading Strategy

Categorizing As you read about Herbert Hoover's response to the Depression, create a graphic organizer listing his major initiatives and their results.



President Hoover tried to fix the economy by providing loans to banks and corporations and by starting public works projects. Later, he reluctantly supported direct aid to impoverished families. By the early 1930s, more Americans were demanding the government's help.

Promoting Recovery

MAIN Idea Hoover encouraged businesses to stop laying off workers and created public works projects.

HISTORY AND YOU What efforts would you have taken to help the economy if you had been president? Read about the public works efforts of the early 1930s.

On Friday, October 25, 1929, the day after Black Thursday, President Herbert Hoover declared that "the fundamental business of the country . . . is on a sound and prosperous basis." On March 7, 1930, he told the press that "the worst effects of the crash upon employment will have passed during the next sixty days." Critics derided his optimism as conditions worsened. Hoover, however, hoped to downplay the public's fears. He wanted to avoid more bank runs and layoffs by urging consumers and business leaders to make rational decisions. In the end, Hoover's efforts failed to inspire the public's confidence, and the economy continued its downward slide.

President Hoover believed that the American system of "rugged individualism" would keep the economy moving. He felt that the government should not step in to help individuals out. After World War I, many European countries had implemented a form of socialism, which Hoover felt contributed to their lack of economic recovery. In 1922 Hoover had written a book, *American Individualism*, which presented arguments for why the American system of individualism was the best social, political, spiritual, and economic system in the world. Thus, it was difficult for Hoover to propose policies that had the government taking more control.

Despite his public statements that the economy was not in trouble, Hoover was worried. To devise strategies for improving the economy, he organized a **series** of conferences, bringing together the heads of banks, railroads, and other big businesses, as well as labor leaders and government officials.

Industry leaders pledged to keep factories open and to stop slashing wages. By 1931, however, they had broken those pledges. Hoover then increased the funding for **public works**, or government-financed building projects. The resulting construction jobs were intended to replace some of those lost in the private sector.

Can Hoover Fight the Depression?



▲ While the Democratic Party donkey marches outside singing old songs, Hoover tries to deal with economic problems caused by high tariffs, depression and drought.



▲ Herbert Hoover reassures a farmer his scarecrow labeled farm relief will help.

Analyzing VISUALS

1. **Analyzing** What does the cartoon on the right suggest about Hoover's plan to help farmers?
2. **Analyzing** How are Hoover and the Democrats portrayed in the cartoon on the left?

Public works projects did create some jobs but for only a small fraction of the millions who were unemployed. The government could create enough new jobs only by massively increasing government spending, which Hoover refused to do.

Someone had to pay for public works projects. If the government raised taxes to pay for them, consumers would have less money to spend, further hurting already struggling businesses. If the government kept taxes low and ran a budget deficit instead—spending more money than it collected in taxes—it would have to borrow the money. Borrowing would mean less money available for businesses to expand and for consumer loans. Hoover feared that deficit spending would actually delay an economic recovery.

As the 1930 congressional elections approached, most Americans felt threatened by rising unemployment. Citizens blamed the party in power for the ailing economy. The Republicans lost 49 seats and their majority in the House of Representatives; they held on to the Senate by a single vote.

Trying to Rescue the Banks

To get the economy growing again, Hoover focused on expanding the money supply. The government, he believed, had to help banks make loans to corporations, which could then expand production and rehire workers.

The president asked the Federal Reserve Board to put more currency into circulation, but the Board refused. In an attempt to ease the money shortage, Hoover set up the National Credit Corporation (NCC) in October 1931. The NCC created a pool of money that allowed troubled banks to continue lending money in their **communities**. This program, however, failed to meet the nation's needs.

In 1932 Hoover requested Congress to set up the **Reconstruction Finance Corporation** (RFC) to make loans to businesses. By early 1932 the RFC had lent about \$238 million to approximately 160 banks, 60 railroads, and 18 building-and-loan organizations. The RFC was overly cautious, however. It failed to increase its lending sufficiently to meet the need, and the economy continued its decline.

Direct Help for Citizens

From the start, Hoover strongly opposed the federal government's participation in **relief**—money given directly to impoverished families. He believed that only state and local governments should dole out relief. Any other needs should be met by private charity, not by the federal government. By the spring of 1932, however, state and local governments were running out of money, and private charities lacked the resources to handle the crisis.

That year, political support for a federal relief measure increased, and Congress passed the Emergency Relief and Construction Act in July. Reluctantly, Hoover signed the bill. The new act called for \$1.5 billion for public works and \$300 million in emergency loans to the states for direct relief. For the first time in United States history, the federal government was supplying direct relief funds, although governors of the states had to apply for the loans. By this time, however, the new program could not reverse the accelerating collapse.

Reading Check **Summarizing** Why did Hoover oppose a federal relief program?

In an Angry Mood

MAIN Idea Farmers, veterans, and others who were suffering grew frustrated and demanded the government do something to help.

HISTORY AND YOU Have you ever felt strongly enough about an issue to take part in a protest? Read what happened when veterans of World War I demonstrated in Washington, D.C., in 1932.

In the months after the Wall Street crash, most Americans were resigned to bad economic news. By 1931, however, many people were becoming increasingly discontent.

Hunger Marches and Protests by Farmers

In January 1931 about 500 residents of Oklahoma City looted a grocery store. Crowds began showing up at rallies and “hunger marches” organized by the American Communist Party. On December 5, 1932, in Washington, D.C., a group of about 1,200 hunger marchers chanted, “Feed the hungry, tax the rich.” Police herded them into a cul-de-sac

PRIMARY SOURCE

An Angry Nation



◀ Hunger marchers march through White Plains, New York, on their way to the nation's capital in 1932.



▲ Angry at low prices, dairy farmers dump milk in an attempt to drive up prices and draw attention to their problems.



◀ On July 29, 1932, armed guards use tear gas and clubs to move Bonus Army marchers.

Analyzing VISUALS

DBQ

1. **Analyzing Visuals** What do you observe about the Bonus Army's attempt to defend itself?
2. **Speculating** How do you think poor and hungry people would have responded to the photo at top right?

and denied them food and water, until some members of Congress insisted on the marchers' right to petition their government. They were then permitted to march to Capitol Hill.

The hungry poor were not the only people who began to protest conditions during the Depression. During World War I's agricultural boom, many farmers had heavily mortgaged their land to pay for seed, feed, and equipment. After the war, prices sank so low that farmers began losing money. Creditors **foreclosed** on nearly one million farms between 1930 and 1934, taking ownership of the land and evicting the families. Some farmers began destroying their crops, desperately trying to raise prices by reducing the supply. In Nebraska, farmers burned corn to heat their homes. Georgia dairy farmers blocked highways and stopped milk trucks, dumping the milk into ditches.

The Bonus Marchers

After World War I, Congress had enacted a \$1,000 bonus for each veteran, to be distributed in 1945. In 1931 Texas congressman Wright Patman introduced a bill that would authorize early payment of these bonuses. In May 1932 several hundred Oregon veterans began marching to Washington to lobby for passage of the legislation. As they moved east, other veterans joined them until they numbered about 1,000. Wearing ragged military uniforms, they trudged along the highways or rode the rails, singing old war songs. The press termed the marchers the **"Bonus Army."**

Once in Washington, the marchers camped in Hoovervilles. More veterans joined them until the Bonus Army swelled to 15,000. President Hoover acknowledged the veterans' right to petition but refused to meet with them. When the Senate voted down the bonus bill, veterans outside the Capitol began to grumble. Many returned home, but some marchers stayed on. Some squatted in vacant buildings downtown.

In late July, Hoover ordered the buildings cleared. The police tried, but when an officer panicked and fired into a crowd, killing two veterans, the city government called in the army. General Douglas MacArthur ignored Hoover's orders to clear the buildings but to leave the camps alone. McArthur sent in cavalry, infantry, and tanks to clear the camps.

Soon unarmed veterans were running away, pursued by 700 soldiers. The soldiers tear-gassed stragglers and burned the shacks. National press coverage of troops assaulting veterans further harmed Hoover's reputation and hounded the president throughout the 1932 campaign.

Although Hoover failed to resolve the economic crisis, he did more than any prior president to expand the federal government's economic role. The Reconstruction Finance Corporation was the first federal agency created to stimulate the economy during peacetime. The rout of the Bonus Marchers and the lingering Depression, however, tarnished Hoover's public image.

Reading Check **Evaluating** How did Americans react as the Depression continued?

Section 3 REVIEW

Vocabulary

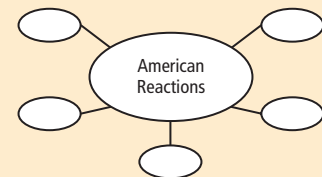
1. **Explain** the significance of: public works, Reconstruction Finance Corporation, relief, foreclose, Bonus Army.

Main Ideas

2. **Identifying** What two major strategies did President Hoover use to promote economic recovery?
3. **Explaining** What did World War I veterans do to try to get their service bonuses early?

Critical Thinking

4. **Big Ideas** How did President Hoover's philosophy of government guide his response to the Depression?
5. **Organizing** Use a graphic organizer similar to the one below to list American reactions to the Great Depression.



6. **Analyzing Visuals Comparing** Look at the photo of the Hunger Marchers on page 642. How would you compare their approach and style to protestors today?

Writing About History

7. **Persuasive Writing** Imagine that you are a World War I veteran in 1931. Write a persuasive letter to your congressperson explaining why you need your bonus now, not in 1945.

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Chapter 18 VISUAL SUMMARY



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Causes of the Depression

Long-Range Causes

- Uneven distribution of wealth ensures that many consumers do not have enough income to purchase the goods being produced.
- Interest rates are kept too low by the Federal Reserve, which encourages businesses to borrow money and to expand production beyond market demand.
- Overproduction by business eventually floods the market with goods that cannot be sold. Businesses begin laying off workers and shutting down production.

Immediate Causes

- People and businesses borrow money to invest in the stock market; speculation drives stock prices too high and when they collapse, many people lose all of their money, and many banks collapse when loans are not repaid.
- As companies lay off workers, demand for goods falls as workers lack the income to purchase goods being produced. This in turn causes even more layoffs and a cyclical effect sets in, driving up unemployment.
- In order to protect American companies from competition, Congress raises tariffs. When other countries respond in kind, foreign demand for American goods falls, further hurting American companies.



▲ A New York paper trumpets the stock crash. To raise cash to pay their stock debts, people began selling anything of value, including this car.



▲ Shantytowns appeared in many cities during the Depression as homelessness and unemployment rose.

Effects of the Depression

- Unemployment rises to record levels.
- Many people, unable to pay their debts, lose their homes and farms; the homeless create shantytowns, nicknamed Hoovervilles, on the edges of cities.
- Hunger marches, protests by farmers, and marches by veterans seeking their bonuses indicate growing anger among the population at economic conditions.
- The Republican Party rapidly loses political support, enabling the Democrats to take control of Congress.
- The federal government, for the first time, begins providing direct relief to citizens in need.
- Forms of entertainment, including movies, radio shows, and comic books focus on distracting people from their daily lives.

STANDARDIZED TEST PRACTICE

TEST-TAKING TIP

If you are not sure of the answer, try to narrow the options. First, eliminate any choices that you know are clearly wrong. Then, if necessary, make a guess among the remaining choices.

Reviewing Vocabulary

Directions: Choose the word or words that best complete the sentence.

- In the late 1920s, many investors engaged in speculation, or purchasing stock
 - after considering a company's earnings and profits.
 - and quickly selling the stock for a profit.
 - by borrowing money from a stockbroker.
 - to invest long-term in the future of the company.
- The Democratic Party's first Roman Catholic candidate for president was
 - Alfred E. Smith.
 - Franklin Delano Roosevelt.
 - Herbert Hoover.
 - Calvin Coolidge.
- A _____ most often traveled by hopping a railroad car.
 - photographer
 - journalist
 - novelist
 - hobo
- President Hoover opposed _____, or giving money directly to needy families.
 - foreclosure
 - relief
 - public works
 - unionization

Reviewing Main Ideas

Directions: Choose the best answers to the following questions.

Section 1 (pp. 628–633)

- One of the major problems with the stock market in the late 1920s was the number of people who bought stocks
 - on margin, with borrowed money.
 - in companies that they supported.
 - only after carefully studying a company's history.
 - without knowing their stockbroker's reputation.
- Which of the following was a root cause of the Great Depression?
 - prohibiting the sale of alcohol
 - giving women the right to vote
 - uneven distribution of income
 - the end of federal control of banks
- Herbert Hoover won the 1928 election in a landslide, in part because of
 - fears of another world war.
 - prosperity under Calvin Coolidge.
 - having been vice president.
 - his support for unions.

Section 2 (pp. 634–637)

- Drought and _____ brought about the conditions that caused the Dust Bowl.
 - overgrazing at large cattle farms
 - the near-extinction of the buffalo
 - famine
 - poor farming practices

Need Extra Help?

If You Missed Questions . . .	1	2	3	4	5	6	7	8
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GO ON 

Chapter 18

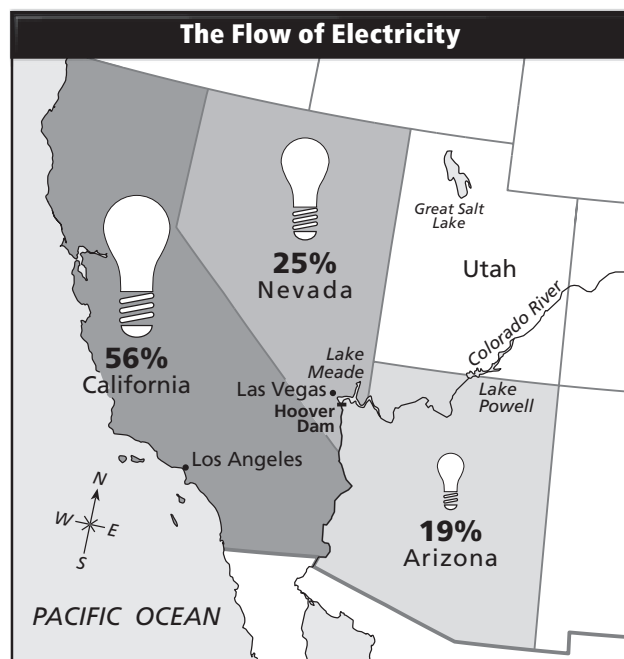
9. The people who lost their homes in the Great Depression sometimes lived in
 - A shantytowns.
 - B roadside motels.
 - C the lawn of the national capital.
 - D public libraries opened to them.
10. Despite the poverty of the 1930s, more than 60 million people went to the movies weekly. Why were movies so popular?
 - A The special effects used in movies then were amazing.
 - B People could not get over the fact that actors talked.
 - C Movies offered an escape from viewers' hard lives.
 - D Theaters were air conditioned and offered free popcorn.

Section 3 (pp. 640–643)

11. Hoover was slow to respond to the economic crisis because he opposed
 - A all public works projects.
 - B deficit spending.
 - C investing in stocks.
 - D private charities.
12. How did American citizens respond to the Great Depression in the 1930 midterm election?
 - A by reelecting Hoover
 - B by voting for socialist candidates
 - C by staying away from the polls
 - D by voting for Democrats
13. What was Hoover's response to the Bonus Army marchers who came to Washington, D.C.?
 - A He ordered them to be paid their bonuses.
 - B He had the army remove them.
 - C He visited them and listened to them.
 - D He set up soup kitchens to feed them.

Critical Thinking

Base your answers to questions 14 and 15 on the map below and on your knowledge of Chapter 18.



Directions: Choose the best answers to the following questions.

14. The federal government began building Hoover Dam in 1931. What body of water was it designed to control?
 - A the Pacific Ocean
 - B Lake Powell
 - C the Great Salt Lake
 - D the Colorado River
15. Which state benefited most from the hydroelectric power of Hoover Dam?
 - A Utah
 - B California
 - C Nevada
 - D Arizona

Need Extra Help?

If You Missed Questions . . .	9	10	11	12	13	14	15
Go to Page . . .	634	636–637	641	641	643	R15	R15

GO ON

16. Why did writers such as John Steinbeck use fiction to draw attention to the Great Depression?

- A Readers could be sympathetic to the characters' situations.
- B Writing fiction meant the authors didn't have to do any research.
- C Nonfiction sales had dropped during the 1920s.
- D Publishers weren't interested in true accounts of national events.

Analyze the cartoon and answer the question that follows. Base your answer on the cartoon and on your knowledge of Chapter 18.



17. What does the cartoon reveal about the character?

- A The man was careless with his money.
- B He saved his money so it would be there in hard times but lost it through no fault of his own.
- C The man should have purchased stocks and bonds rather than put his money in the bank.
- D The man should be more prepared by storing his money under his mattress.

Document-Based Questions

Directions: Analyze the document and answer the short-answer questions that follow the document.

Gordon Parks, who later became a famous photographer, was a young man when the stock market crashed in 1929:

"The newspapers were full of it, and I read everything I could get my hands on, gathering in the full meaning of such terms as Black Thursday, deflation and depression. I couldn't imagine such financial disaster touching my small world; it surely concerned only the rich. But by the first week of November I too knew differently; along with millions of others across the nation, I was without a job. All that next week I searched for any kind of work that would prevent my leaving school. Again it was, 'We're firing, not hiring.' 'Sorry, sonny, nothing doing here.' Finally, on the seventh of November I went to school and cleaned out my locker, knowing it was impossible to stay on. A piercing chill was in the air as I walked back to the rooming house. The hawk had come. I could already feel his wings shadowing me."

—from *A Choice of Weapons*

- 18. Why did Parks at first think he was safe from the effects of the stock market crash? What changed his mind?
- 19. Why do you think Parks used the image of a hawk to express his feelings about the Great Depression?

Extended Response

- 20. Write an essay that analyzes the following quote from John Steinbeck's novel *The Grapes of Wrath*. "If you're in trouble or hurt or need—go to poor people. They're the only ones that'll help." Based on your knowledge of the Great Depression, indicate whether you believe the quote to be true or false and why. Support your answer with relevant facts and details.

STOP

History ONLINE

For additional test practice, use Self-Check Quizzes—Chapter 18 at glencoe.com.

Need Extra Help?

If You Missed Questions . . .	16	17	18	19	20
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